



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1789 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Jane Dee Hull
Governor

John L. Clayton
Director

April 16, 2002

WORKFORCE INVESTMENT POLICY (WIP) MEMO #04-02

SUBJECT: Sanctions Process - Financial Reporting under Title I of the Workforce Investment Act (WIA)

REFERENCE: P.L. 105-220 Workforce Investment Act of 1998, Section 188; 20 CFR Part 652 et. al., Subpart C, §667.300 (b)(1)(2), 667.500, 667.510 and 667.600 of WIA Final Rules dated August 11, 2000; 29 CFR, Part 97 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments dated July 1, 1997; WIA Special Terms and Conditions; Page 8-8, Item 27 of the DES Special Terms and Conditions; Workforce Information Memo #22-00 dated October 24, 2000.

BACKGROUND: The Workforce Investment Act of 1998 contains provisions intended to hold states and Local Workforce Investment Areas/Administrative Entities (LWIAs/AEs) accountable for financial reporting of their employment and training activities. WIA expenditures are below expectations nationwide. Accurate and timely financial information is critical in making appropriate decisions on services to customers. The state is faced with a situation where low expenditures have nearly resulted in a rescission of dislocated worker funds. Regardless of whether a formal rescission occurs, expenditure levels remain low across the state, and across the nation.

Failure to submit reports as agreed may not only compromise an LWIA's/AE's ability to provide services, but hinder the state's ability to submit its own mandated reports to the DOL. Federal monetary sanctions that could be imposed would severely impact equitable service delivery throughout the state (See WIM #22-00 enclosed for report submittal dates).

Beginning with all reports due for submission to the Workforce Development Administration (WDA) May 30, 2002 (April 2002 reports), the sanctions policy delineated in Attachment A of this memo is instituted with regard to unacceptable financial reports and reports submitted after the scheduled due dates.

NOTE: An unacceptable financial report is defined as any report required for submission to the state under WIA provisions, which falls within one or more of the following categories: (a) an unsigned report; (b) a report containing an unauthorized signature; (c) a report containing inaccurate mathematical calculations.

A delayed financial report is defined as any report required for submission to the state under WIA provisions, which is not received at the office of the state WDA by 5:00 p.m. on the date the report is due.

WDA staff will be available to provide ongoing technical assistance either on-site or from our offices to ensure that the reports submitted are complete, accurate, and received within the appropriate timeframes.

ACTION REQUIRED: It is imperative that LWIAs/AEs notify our office immediately if problems related to reporting currently exist or occur in the future. Please distribute this document to all staff responsible for WIA reporting activities.

If you have questions, you may contact Mr. Dean Grana, WIA Fiscal Manager or Mr. Rich Utzig, Program Compliance Auditor, at (602) 542-3957.

Sincerely,

Stan Flowers
Program Administrator (Acting)
Workforce Development Administration

SF:PG:gg

Enclosures

ATTACHMENT A - WIP #04-02

**SANCTION PROCESS:
UNACCEPTABLE AND DELAYED FINANCIAL REPORTING
UNDER WIA**

**Effective for all WIA financial reports to be submitted by each Local
Workforce Investment Area/Administrative Entity (LWIA/AE)
Beginning April 2002**

LETTER OF NOTICE

“Letter of Notice” to be issued to an LWIA/AE by the WDA Fiscal Unit ten (10) calendar days after the reports are delinquent. The LWIA/AE will have a ten (10) day period from the date of the Letter of Notice to submit complete, accurate reports. A Letter of Notice is issued for the following:

UNACCEPTABLE REPORT:

Unacceptable report(s) received by the WDA Fiscal Unit from an LWIA/AE in a WIA program year. If an LWIA/AE fails to submit an acceptable report within twenty (20) days of the date of a Letter of Notice, a Notice of Sanction – Level 1 letter will be issued.

DELAYED REPORT:

A submittal delay of one (1) day to ten (10) days after report due date.

NOTICE OF SANCTION – LEVEL 1

“Notice of Sanction Level 1” to be issued by the WDA Fiscal Unit to an LWIA/AE via certified, overnight mail that affirms a 1% reduction in the *original* allocation of relevant funds (i.e. funding for the program(s) applicable to the unacceptable/delayed report). The Level 1 notice is issued for the following:

DELAYED REPORT:

A submittal delay of over thirty (30) days after report due date.

NOTICE OF SANCTION – LEVEL 2

“Notice of Sanction Level 2” to be issued by the WDA Fiscal Unit to an LWIA/AE via certified, overnight mail that affirms a 2% reduction in the *original* allocation of relevant funds. The Level 2 notice is issued for the following:

DELAYED REPORT:

A submittal delay of over sixty (60) days after report due date.

NOTICE OF SANCTION – LEVEL 3

“Notice of Sanction Level 3” to be issued by the WDA Fiscal Unit to an LWIA/AE via certified, overnight mail that affirms intent to place the LWIA/AE on a Corrective Action Plan, which will initiate an immediate on-site Fiscal Review. The Level 3 Notice is issued for the following:

DELAYED REPORT:

A submittal delay of over ninety (90) days after report due date.

APPEALS PROCESS:

An LWIA/AE may appeal a sanction as follows:

- (1) An LWIA/AE must submit appeals to the Arizona Department of Economic Security, Workforce Development Administration (WDA), 1789 West Jefferson, Site Code 920Z, Phoenix, Arizona 85007 *no later than thirty (30) calendar days after the date of the Notice of Sanction. The appeal must include the following information:*
 - 1) Name of your LWIA/AE
 - 2) The Level of Sanction your LWIA/AE is appealing
 - 3) The delayed or delinquent report(s) in question
 - 4) Specific reasons for your appeal
 - 5) The name and telephone number of an LWIA/AE point of contact
- (2) Review Process: The WDA Management Team will review all appeals and submit final determinations to the appropriate LWIAs/AEs no later than thirty (30) calendar days after receipt of each appeal.